

**SPOKANE COUNTY LIBRARY DISTRICT**  
**Spokane County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Schedule Of Findings**

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1. Internal Controls Over Cash Receipts Should Be Improved

During our audit of the Spokane County Library District, which reported local receipts in excess of \$165,000, we noted the following internal control weaknesses in the cash receipting system:

- a. Access to the cash register was not restricted. Since several employees operated the same cash register, responsibility for funds could not be fixed.
- b. The district does not maintain a control account over fines/fees that can be reconciled to payments posted to patron accounts.
- c. The same staff assess fees for book damages and receipt in these funds.
- d. There is no evidence of supervisor review or approval of adjustments made to receipts recorded in cash registers.
- e. Checks are not restrictively endorsed when received.
- f. Cash and check composition of receipts was not being reviewed or monitored.

A basic principle of internal accounting controls requires the segregation of duties relating to the custody of assets from the responsibility for maintaining the related records of accountability.

Library management has implemented some internal controls over the cash receipting system. However, the noted weaknesses continue to exist.

Weakness in the cash receipting internal control system results in decreased accountability over cash receipts and an increased risk that errors and/or theft could occur and not be detected in a timely manner, if at all.

We recommend the district strengthen internal controls over the cash receipting system in the following ways:

- a. Restrict access to the cash registers so that responsibility can be fixed.
- b. Establish a system of tracking fines/fees assessed, payments received, and adjustments to patron accounts that can be reconciled to revenues received.
- c. Segregate the duties of assessing book damages and collections.

- d. Require supervisory approval of cash register errors.
- e. Restrictively endorse all checks upon receipt.
- f. Monitor variances in the composition of cash and checks in the cash registers.